

# COMMUNICATIONS DAY

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## Australia top investment destination for Verizon Business

Wholesale carrier and enterprise service provider Verizon Business is spending big on Australian expansion, locking in major backbone capacity deals with Telstra and Nextgen Networks, adding network nodes and bolstering its commitment to the Southern Cross undersea network.

While the exact details of its investment are under wraps, Verizon global network planning VP Ihab Tarazi told CommsDay they were equal to any spend the company is making globally at present. That includes a five city build-out in India, a three-city project in China and capacity increases across South East Asia.

Verizon has signed long-term lease agreements with Telstra and Nextgen for links up to 10Gbps across the country. They will connect its Sydney and Melbourne metro fibre networks and IP hubs as well as new MPLS nodes in Sydney, Melbourne, Perth, Adelaide, Canberra and Brisbane. The build-out primarily helps meet the needs of international enterprise customers but also increases Verizon's value to local businesses and ISPs, Tarazi said.

"It is one of the largest single country investments we are making globally, by far," Tarazi said. "I can't think what other global carrier would be making that kind of investment in Australia. It is a long-term commitment."

A spokesman from Nextgen said yesterday the company was pleased with the win. He declined to discuss details.

Verizon has an infrastructure legacy in Australia inherited through its 2006 merger with MCI. That company also once owned OzEmail, the pioneering ISP now folded into iiNet, the country's third largest broadband provider.

Tarazi said the new investments "complement" its existing assets. "We have a lot of scale, the country is big, there is continuing economic growth and we have a big share of customers. There is significant demand for services in Australia from outside and to support those we need to make the investment. But we also continue to focus on Australian customers. It will significantly strengthen our position to sell internally," he said.

**MORE CABLE CAPACITY:** Verizon is also increasing its international capacity commitments from Australia, boosting investment on Southern Cross and entering talks with Telstra to gain capacity on its planned link to Hawaii. Verizon is a 10% shareholder in the Optus and Telecom New Zealand-dominated Southern Cross Cable and in addition to supporting ongoing upgrades, is boosting its capacity lease. "No expansion is complete in Australia without international traffic expansion," Tarazi said, although he declined to detail commitments.

Tarazi also confirmed that Verizon has discussed purchasing wholesale capacity on Telstra's Hawaii cable. He said the carrier was due to release details about Hawaii wholesale arrangements in the coming days. It has already indicated plans to bundle capacity arrangements on the new cable with its existing Australia Japan Cable. Verizon also leases capacity on AJC.

Tarazi says Verizon's investments will improve its redundancy in Australia while also providing a foundation for e-commerce and other business services for its customers. "Despite the fact that we had a pretty good network in Australia we wanted to make sure we moved to the next generation to make sure we are ahead of the curve," he said. "Moving to a direct investment in the backbone will let us use our own transmission equipment. We will get the big pipes from the carriers and switch



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# COMMUNICATIONS DAY

traffic between them. It will improve performance and diversity.”

Tim Marshall

## **Verizon courting partners for Trans Pacific Express**

Verizon Business and its North Asia carrier consorts are considering opening their US\$500 million Trans Pacific Express network up to additional partners.

With cable laying now underway, Verizon global network planning VP Ihab Tarazi confirmed that the consortium is considering expanding its initial reach and partner base. He confirmed active discussions are underway with major carrier and content players.

Earlier this year several cables connecting North Asia to the US were on the table however TPE is thus far the only system to get up and running. Earlier this week Asia Netcom CEO Bill Barney confirmed that arrangements to build its Japan-US link, possibly with Google, KDDI, NTT and Singapore Telecom, would be known by year-end.

Tarazi confirmed that cable laying for TPE has begun off the coasts of China and South Korea, and work will soon begin off the US. All permits have been received while system manufacture was completed last month. The network is due to launch around August 2008.

TPE will vastly increase the direct capacity between China and the US, providing its six partners with three times the entire capacity of the existing direct service from day one. Designed to run at up to 5Tbps, TPE will launch at 1.2Tbps.

Verizon is jealously protective of its TPE partners, China Telecom, China Netcom, China Unicom, Korea Telecom and Chunghwa Telecom, and Tarazi says any strategic addition would be made under strict arms-length provisions. He said there were open talks with multiple players in the market.

“It is significant to us that it links us to every major carrier in North Asia and we are the only carrier that had the drive to make the investment and start it,” Tarazi said. “We are very careful that if we bring more partners that they bring value and they don’t add complexity. We tend not to want to have too many people talking and prefer less people working. We need to be careful because the system is of strategic importance and we will continue to see it that way.”

Tarazi said discussions had been held to consider the expansion of TPE to new landing points. While declining to detail plans, he suggested that linking the cable to Japan could provide strategic advantage in the event of an earthquake outage.

Tim Marshall

## **AARNet to carry world’s largest video conference**

Australia’s Academic and Research Network will play a central role in the world’s largest ever global video conference being held today. Megaconference 2007 is an annual event with the goal of connecting people “everywhere on Earth”, to promote videoconferencing in education and research and bring advances in videoconferencing technology.

The AARNet3 backbone will be used to host 60 Australian educational institutions’ presence in the 12-hour conference. Participating schools and universities will connect using one of two AARNet Multipoint Control Units (MCUs). The MCUs will allow access to two-way conferencing in standard and high-definition from anywhere with internet access. AARNet’s Codian Management Platform will provide access to the conference.

“The annual Megaconference is an excellent opportunity for Australian research and educational bodies to participate in a global event and discuss almost any topic they want to,” said AARNet CEO Chris Hancock. “The Codian platform will allow AARNet to provide 60 end point connections for schools and universities that want to be involved. As part of our ubiquitous video strategy this means users will be able to access the Megaconference via anything from a desktop PC, right up to broadcasting it throughout a lecture theatre in high definition.”

As a part of the conference, the Australian Catholic University will make a presentation on indigenous education programs. “The Australian Catholic University places a high value on indigenous education and over the last few years, we have won multiple awards for outstanding contributions to Aboriginal and Torres Strait Islander student learning,” said ACU co-ordinator of Aboriginal and Torres Strait Islander education Evan Harris. “Our programs have focused on teaching indigenous students education subjects. This year’s Megaconference will allow us to showcase

to the rest of the world the success of these programs and the benefits indigenous communities gain from them.”

Australian institutions participating in the conference include Australian Catholic University, Griffith University, Newcastle University, University of Western Sydney, Scots College, University of Melbourne, TAFE Queensland and the Australian Institute of Sport.

Last month, AARNet was used to allow northern hemisphere astronomers to view the southern hemisphere sky in real time, using a 3 gigabit per second direct network path from three Australian radio telescopes to show a supernova to viewers in Europe.

Luke Coleman

## Applications open for NZ 3.5GHz spectrum

The New Zealand government is seeking applications for radio spectrum licenses for the 3.5GHz band catering for broadband wireless access services in rural and provincial areas.

A further 77 lots of radio spectrum license have been created to facilitate the rollout of internet services for rural and provincial areas, said communications minister David Cunliffe. “In doing so, they should promote greater competition for broadband services in these areas,” he says.

The government has created two lots of licenses in the 3.5GHz band for each of the 74 territorial local authority areas, which total to 148 lots. Each lot comprises a pair of 6.5MHz licenses.

This will be the second assignment of lots. 71 lots were assigned in 2006.

Cunliffe says the allocation is designed for the parties that may not have had the incentives or resources to acquire previous rights. “I encourage all parties who have an interest in providing wireless broadband services in their local area to look at applying for these licenses,” Cunliffe said.

Paul Clearwater

## eServGlobal to expand global reach & product range

Telecom software maker eServGlobal is working on new m-commerce, IMS and customer retention offerings to take to an expanded global sales network in 2008.

Addressing shareholders this week, eServGlobal CEO Laurent Lafarge said the Sydney-based company had plans for further expansion next year. It is already has business in more than 50 countries but is looking to further its reach in emerging markets.

Lafarge, who took the top job at eServGlobal in September, said sales were up 61% to \$153 million this year. The company is targeting 15% annual revenue growth over the next three years.

“We will continue to benefit from our established client base whilst having exposure to new telecoms activity in fast-growing markets. Emerging markets have significant growth of mobile users, particularly in India, South East Asia, Africa and Latin America,” Lafarge said. “Our 2008 strategy will require on-going expansion of our key markets, while expanding our geographical presence into significant regions through channel partners and local entities, in order to produce

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sustained growth.”

Concurrent with expansion, eServGlobal’s also plans to rollout a series of new products. “Service providers are looking for continuous cost reductions and reliable, large-scale infrastructure to support their rapid expansion, particularly in messaging and mobile financial transactions,” said Lafarge. He added, “we have exciting plans for new products and technologies including m-payment, IMS-ready services, and customer retention. We will achieve greater efficiency by productise our offering to enable faster delivery, and reduce the product lifecycles.”

Tim Marshall

## **Unwired joins femtocell development group**

Unwired Australia has joined a host of global network operators and vendors in aligning with the Femto Forum, an industry association backing the development and deployment of femtocell technology.

Launched in June, the Femto Forum aims to foster collaboration between operators and vendors. Femtocells are commonly viewed as the next big thing to come in wireless communications, helping operators improve network functionality and utility in specific hot-spot locations. The low-power wireless access points operate in licensed spectrum to connect standard mobile devices to a mobile operator’s network using residential DSL or cable broadband connections.

Femto Forum chairman Simon Saunders said, “the development of the femtocell industry has continued its unrelenting pace – recently seeing the first commercial deployment. The simple proposition of lower costs, for both operators and consumers, combined with improved coverage and services is proving to be compelling.”

Unwired has yet to detail plans for femtocells but is due to start next year upgrading its Sydney and Melbourne wireless networks to Mobile WiMax. Other new Forum members include Alcatel Lucent, Bharti Airtel, MobileOne, Motorola, NEC, Nokia Siemens Networks, PCCW Mobile, Rogers Wireless, UTStarcom and ZTE Corporation.

Meanwhile, Seven Network confirmed that it had accrued a 43.2% shareholding in Unwired since making its takeover offer last month. It recently bolstered its offer to \$0.50 per share. Unwired is currently trading at around that price.

Tim Marshall

## **ACS launches \$250,000 scholarship program**

The Australian Computer Society’s ACS Foundation yesterday launched a \$250,000 scholarship program for aspiring ICT workers, which it claims may grow to be worth half a million dollars in coming years. The foundation will work in conjunction with universities in an attempt to solve Australia’s ICT skills shortage, with a particular focus on recruiting more women into the industry.

“The scholarships are going to be used to encourage enrolments in ICT courses,” said ACS Foundation chairman John Debrincat. “It is very much targeted at this core problem we have today.”

“With the support of the ACS and also IBM we’re announcing that we’ve got \$250,000 in scholarships which we’re awarding over the next year. We think that number will grow to maybe \$500,000,” said Debrincat. “The way this will work is they’ll be awarded out to universities which will put money in as well, it’s a joint contribution. We’ve got eleven universities in the program already,” he said, including UTS, University of Sydney, and Charles Sturt University.

“Sydney University has already come in with us for five scholarships. Those scholarships are targeted specifically at women, which is really fantastic. That’s really important for us,” said Debrincat. “We do have another scholarship that’s been contributed by RMIT and that’s also targeted at women. We hope over the next few months to expand those announcements into a great deal more.”

Luke Coleman

## **ICT jobs underpinning growth across all industries**

ICT jobs are underpinning growth across all sectors and will ease demand across other industries, according to speakers at a debate in Sydney yesterday. The Australian Computer Society yesterday held an ICT jobs debate where industry leaders voiced opinions about the state of the ICT industry

and what can be done to alleviate the current skills shortage problem.

“There isn’t an industry that isn’t touched by the skill set that this industry represents,” said moderator Peter Sheahan, author of five books on global workforce trends. “The thing about ICT, it permeates every industry in Australia and the world right now... they used to say Australia rode home on the sheep’s back, more recently they called it the coal economy. Is it possible the ICT will be the next wave of that movement? I’d like to put it out there that we have the potential in Australia for ICT to be what we ‘ride home’ on, for this to become the key driver of the Australian economy globally.”

“The skills challenge that other industries face, ICT has the ability to alleviate in some sense,” said Sheahan. “Embracing ICT, not just the technology but the applications, could free up some of the challenges of demand in other sectors of the economy.”

Other speakers at the debate included IBM development executive for global technology services Charles Noble, AIIA workforce policy manager Michel Hedley, and Queensland government CIO Peter Grant, along with many other industry figures.

Several speakers noted that the industry has a role in educating potential workers of the wide variety of roles in ICT. “There are so many roles that exist now on the peripheral in the Australian business community, outside of traditional roles ICT,” said ICT Recruitment Association president Penny Coulter. “I’ve argued a few times that the ICT services industry is probably the biggest white-collar industry in Queensland, and it’s totally invisible to the community... we’re underselling just how wonderful and diverse a career in ICT is,” said Peter Grant.

The ACS Foundation used the debate to announce a \$250,000 scholarships program to encourage future ICT workers. “The future of the economy in a country of 22 million people is likely to be in our cleverness, in our ability to innovate, and ICT should be at the centre of moving forward... it’s a core part of how we grow,” said Sheahan.

Luke Coleman

## **Australian firm develops emergency mobile tracking**

An Australian company has developed a software application which allows mobile phones with GPS capabilities to act as emergency “panic buttons.” The MySpot application has been developed by Sydney-based satellite tracking security company phantomEye, which claims the European market will be a big target for international sales and expansion.

“With a single, click once, SOS panic button, MySpot can call up to 20 preconfigured phones, send email, SMS, instant and twitter messages all showing the current or last location of the user, said PhantomEye chairman Ken Stokes. “Depending upon just how the software is configured, the emergency message can include a voice recording or map showing the current map location of the phone, or an ‘electronic breadcrumb’ trail listing a series of last known locations.”

The company will offer the software as a free 10-day trial, which can then be purchased for \$30. As well as personal use, PhantomEye sees the software being used in businesses such as security firms.

While the technology has been locally developed, Stokes sees it being widely used in countries with high penetration rates of GPS mobile phones. “We expect a majority of MySpot sales to come from Europe where, for example, there are more than 1 million Nokia 6110 phones in circulation so we believe MySpot will eventually have a very large global market,” he said.

The release comes after Motorola announced last month it may expand its TETRA radio network because carriers have failed to adequately address business needs for reliable GPS tracking solutions and duress alerts with mobile handsets.

Luke Coleman

## **Telco In A Box seeks international expansion**

Virtual telco company Telco In A Box is seeking to expand its Australian operations following a recent win, coming 7<sup>th</sup> in the recently published ‘BRW Fast 100’ list. Managing Director Damian Kay spoke with CommsDay, claiming that ongoing growth in the company will lead to significant changes in the coming year – including structural changes and expanding the business into the UK and New Zealand.

“We’ll go live in the UK on the first of March,” Kay told CommsDay. The company will begin

setting up operations on December 11, and will enter the UK market with a partner which Kay claims will deliver instant revenue streams to the company. Telco in a box is currently signing carrier agreements in the UK. "The opportunity presented itself, it's a viable opportunity with a good partner," he said, adding that "Australia will still be our biggest focus."

Kay also said that Telco In A Box is "about to sign with TelstraClear and Telecom New Zealand," saying "we're close to finalizing the deal there, but the UK will take preference." He calls the New Zealand opportunity as an "easy option," saying "we'll be going over with guaranteed business." Both UK and NZ systems support will be handled at the company's base in Australia. He says the company has looked into opportunities to expand into Canada, South Africa and through Asia, but will not go further any time soon. "Australia, the UK and New Zealand will take all of our resources," he said.

Telco In A Box is currently undergoing an internal transformation, handing the responsibilities of the current directors to a senior management team. Kay claims the transition will allow the company's directors to focus on pushing growth and pursuing overseas opportunities. "We'll basically be handing over day to day responsibilities to a senior management team. They're really good people taking over," he said.

Kay says next year he will focus on acquisition opportunities, particularly on retailers who will increasingly struggle to go it alone in a polarising market. He says the company has reached a level of maturity that an acquisition strategy is now a viable option. "Acquisitions create a lot of work – you've got to make sure your organic growth is strong first."

The company may consider floating on the ASX in coming years. "We'll reconsider it in 12 months," said Kay. "It's on the backburner. We're happy being a private company... we'd want a minimum market cap of \$100 million, so we'd need \$8 million per annum NPAT... if you're going to go through the hassle, make it worth it," he said.

Luke Coleman

## **OPERA MINI 4 BROWSER RELEASED FOR MOBILES**

Web browser company Opera yesterday released Opera Mini 4, a browser designed specifically for mobile phones. The program allows users to zoom in on desired parts of web pages while compressing data to reduce necessary downloads. "Today, Opera Mini is the world's most popular mobile browser," says CEO Jon von Tetzchner. "As a result, the mobile web is now a mass phenomenon. Opera Mini 4 raises the bar for user-friendly access to the web on any mobile phone."

## **HYRO MARKETING MANAGER**

Digital services company Hyro has appointed a new marketing manager. Dina Zaitman previously worked with MRM Worldwide London, heading a team looking after Microsoft software business. According to Hyro marketing and strategy executive Richard Lord, "Dina's experience in cultivating marketing programs for other world-class brands will be an asset as we continue to build our local brand in addition to making significant investments throughout the Asia Pacific region."

## **Letter to the editor from Pipe CEO Bevan Slattery**

### **Response to comments by David Havyatt on Pipe's and IPA's criticisms of FTTN policies**

*"The Brooks report is particularly interesting, having been commissioned by Pipe Networks to justify a claim that FTTN deployment does not technically require copper cutting. Brooks has done an interesting job of answering the question put to him by Pipe but not of answering the actual policy question."*

As Mr Havyatt points out in his opening sentence, Paul Brooks, perhaps one of Australia's most respected technical subject matter experts on xDSL and local loop, was engaged by Pipe to look at whether there is a **technical** requirement to cut the copper. Which he did.

Mr Havyatt seems to imply in the following sentence that Mr Brooks somehow conveniently did not discuss the policy issues. Mr Brooks did not answer any questions relating to policy because we did not put any policy questions to him. At this stage there is no significant formal policy on FTTN

from either party (except for 'we want one') and perhaps more importantly, Mr Brooks is not a subject matter expert on telecommunications regulatory policy. Mr Brooks is Australia's leading expert on these technical matters and as such we sought his advice on the technical issues only.

*"Brooks states that ADSL2+ can be based in both the exchange and node, but brushes over his own acknowledgement that the DSLAM at the node needs to operate at limited power to avoid interference."*

Mr Brooks brushed over his own acknowledgement? In the report, Mr Brooks acknowledged this fact clearly in an articulate manner. It's just not an issue.

*"The operation at limited power results in the end consumer of the node based DSLAM receiving a service no faster than the exchange based service."*

A completely incorrect statement. While it is a popular myth that reduced transmission power from the node equates to an equivalent or reduced DSL line-rate compared to an exchange-based service, it simply isn't true.

Reduced transmission power doesn't equate to an equal level of reduced information capacity and the shorter line lengths from the node more than make up for the shortfall.

*"If this were not the case, while the two services could technically co-exist, the provider of the exchange based service would be unlikely to acquire customers as they could not match the service characteristics of the node based service."*

Mr Havyatt is correct provided that one assumes that price is not a 'service characteristic' consumers consider. Even the OECD points out that **cost is a very significant service characteristic** (and perhaps the most important). Today, an exchange based DSLAM provider in metro Australia can provide an ADSL2+ DSLAM port with access speeds of up to 24Mb/s and phone line for about \$25 per month. The best price I have seen for a FTTN wholesale port is \$58. That is more than double the cost of an exchange based DSLAM providers costs.

Providers today are offering ADSL2+ service bundles (such as Optus Fusion package) for \$69, which includes phone line, unlimited local and domestic long distance calls, ADSL2+ broadband speeds with 2Gb of data included. To offer the same package over the G9 FTTN would at a minimum lift it to over \$95 and if the reported Telstra wholesale FTTN price is correct then it would be over \$125. Which one do you think most Australians would go for?

*"Brooks' other argument is that there are other services offered over copper that would not be able to be provided from the node. Unfortunately, many of these services are already anachronisms and the carriage industry has to be allowed to retire products. As these are products sold by Telstra and it is Telstra's plan to build the FTTN network then it is, quite frankly, Telstra's choice about how it makes replacement services available."*

Now who is conveniently brushing over the issues? It may not be Telstra's decision. What if the G9 FTTN is successful? Telstra will be required to discontinue its entire product suite of services over copper and just become a wholesaler of G9's suite of business data services for non-fibred buildings.

If M. Havyatt believes that ISDN, X25, PAPL is an anachronism then he best click his heels three times and come back to reality. ISDN lines power nearly every 10+ line phone system in this country. X25 is still used for many banking and ATM applications.

This isn't about an incumbent retiring its own products. It's about the new monopolist (which may not be the current incumbent) retiring all the competitive non-fibre based products. You won't be able to get access to the copper to provide ISDN (phone lines), Ethernet in the first mile (EFM) or even possible future technologies such as ADSL 3, 4, 5, 6 etc or VDSL 3, 4, 5 etc. UDSL (actually coming)

This is about going back to the 80s, to a time when the only telco product you could offer came out of Telecom Australia's wholesale price book. Sanity check please...

Bevan Slattery